

ORDINARY AND EXTRAORDINARY SHAREHOLDERS MEETING

APRIL 23, 2018

Board of Directors' Report

Appointment of the Board of Statutory Auditors for the financial
years 2018-2019-2020 and determination of their fees
(item 5 on the agenda of the ordinary session)

(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,440,555.84
MANTOVA COMPANY REGISTER AND TAX CODE 00607460201
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.
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**BOARD OF DIRECTORS' REPORT
TO THE ORDINARY SHAREHOLDERS MEETING**

**Appointment of the Board of Statutory Auditors for the financial years
2018–2019–2020 and determination of their fees.**

Dear Shareholders,

The Board of Statutory Auditors you appointed in the Shareholders meeting held on April 20, 2015 for the financial years 2015-2016-2017 comes to an end with this Shareholders meeting having completed the three years.

We would like to remind you the provisions of art. 26 of the Articles of Association:

“The Board of Statutory Auditors comprises three acting members and three alternate members who remain in office for three years and are eligible for re-election. The minority shareholders are entitled to elect one acting auditor and one alternate auditor.

Members of the Board of Statutory Auditors are appointed by the Shareholders' Meeting from lists presented by the Shareholders. Each list comprises two sections: one for candidates for the position of acting auditor and the other for candidates for the position of alternate auditor. Candidates are listed in numerical order. Lists which include a number of candidates equal to or higher than three must include in each section candidates belonging to both genders.

The lists, signed by the presenting Shareholders, must be filed according to the terms and conditions required by the enforceable law.

Lists may only be presented by Shareholders who, either individually or jointly with others, hold shares that represent at least 2.5% (two point five percent) of the share capital or a different percentage laid down by the law or regulations. Proof of ownership of the required number of shares must be presented according to the terms and conditions required by enforceable law.

Lists which do not comply with the above rules shall be considered null and void.

No Shareholder, either individually or jointly, may present more than one list, even via an intermediary or trustee; Shareholders subject to the same control pursuant to art. 93 of the Consolidated Securities Act or belonging to the same voting syndicate may present or contribute to the presentation of only one list.

Each Shareholder can vote for just one list.

Each candidate may stand in one list only, on pain of disqualification.

Lists cannot include candidates who already hold office as acting auditors in another five companies or entities listed on a regulated market registered pursuant

to arts. 63 and 67 of Legislative Decree no. 58/1998, or candidates who do not meet the requirements of respectability, professional and independence or who exceed the limit to the number of positions held as laid down by law or regulations. Each list filed by the above indicated term must be accompanied by statements from each candidate accepting their nomination and declaring, under their own responsibility, that there are no incompatibilities or reasons for which they cannot be elected and that they meet the requirements laid down by law and the applicable regulations for members of the Board of Statutory Auditors.

Candidates must also provide a curriculum vitae describing their personal and professional qualifications specifying any administrative or management positions they might hold in other companies.

Incompleteness or irregularity of any candidature shall mean disqualification of the candidate's name from the voting list.

Members of the Board of Statutory Auditors are elected as follows:

- 1. from the list which obtained the highest number of votes during the Meeting, two acting members and two alternate members are taken, in the numerical order in which they were listed in the sections concerned;*
- 2. from the minority shareholders' list represented by the list which obtained the second highest number of votes during the Meeting, and which is unconnected in any way, even indirectly, with the shareholders who presented or voted for the first list, the remaining acting member and remaining alternate member are taken in the numerical order in which they were listed in the sections concerned;*
- 3. if only one list is presented, all of the acting and alternate auditors are taken from that list.*

When application of the procedure described in 1), 2) and 3) above does not give the gender balance required by current legislation, the last person elected from the section of the list that obtained the most votes belonging to the most represented gender shall lapse and shall be replaced by the first candidate not elected from the same list and the same section belonging to the least represented gender. Otherwise, the Shareholders' meeting shall make up the number of the Board of Statutory Auditors with the majorities required by law, ensuring that the requirement is complied with.

The candidate on the minority shareholders' list which obtained the highest number of votes is appointed as Chairman of the Board of Statutory Auditors. If only one list is presented, the first candidate for Auditor on the list is appointed as Chairman of the Board of Statutory Auditors.

The appointment of auditors lapses if they no longer meet the requirements laid down in current regulations and the By-laws.

If an acting auditor is replaced, the alternate auditor is taken from the list of the person replaced thus ensuring the compliance with legal requirements including those relating to gender balance.

The meetings of the Board of Statutory Auditors may be held by any means of telecommunication on the following conditions:

- a) the participants are able to examine, receive and transmit all the necessary documentation;*
- b) the participants are able to take part in the discussions in real time, in*

accordance with normal board practice.

Meetings are held at the place where they are convened, where the Chairman must be present.

The Board of Statutory Auditors may, on prior communication to the Chairman, call a General Meeting, a meeting of the Board of Directors or of the Executive Committee. Powers to call a meeting of the Board of Directors or Executive Committee may be exercised individually by each member of the Board of Statutory Auditors; a General Meeting may be called by at least two members of the Board of Statutory Auditors.”

With reference to paragraph 4 of art. 26 of the Articles of Association, we inform you that Consob, in its resolution 20273 of 24 January 2018, set that the minimum percentage of share capital ownership for presenting lists of candidates is 2.5%.

We remind you that the lists must be filed at the Company registered office or sent by e-mail to the certified address sogefi@legalmail.it by 29 March 2018.

As per Art. 144-sexies of the Rules for Issuers approved by Consob Regulation no. 11971 and subsequent amendments and additions, if by the deadline for presentation of the lists only one list has been filed, or if the only lists presented are by Shareholders who are related parties in accordance with the terms of regulations on the subject, then lists can be presented until the third day following this deadline, i.e. until 1 April 2018. Since this day is a holiday, the additional early lists will be accepted within the deadline of 1 April 2018 by sending them to the certified email address sogefi@legalmail.it, provided that the lists are delivered physically to the Company registered office by 3 April 2018.

It will be notified through a notice on the Company's website www.sogefigroup.com. In this case, the threshold required for the presentation of lists is reduced by one half and thus to 1.25% of the share capital.

The lists shall be published and spread through the authorized storage eMarket STORAGE as well as on the Company's website www.sogefigroup.com by 2 April 2018.

Any Shareholders other than the controlling shareholder who intend to present a list are asked to consult the recommendations given by Consob in its

communications DEM/9017893 of 26 February 2009, which can be found on the website www.consob.it.

We would like also to remind you that the disposals about the gender balance as described by the Articles of Association, adapted to the Law 120/2011, find application to the appointment of the Board of Statutory Auditors.

Considering the provisions of art. 125-ter of the Legislative Decree no. 58/98 and subsequent amendments and additions (TUF) concerning the requirement to make the proposed resolutions available, your Board requested the controlling Shareholder's intention about the fees for the members of the Board of Statutory Auditors.

The controlling Shareholder informed the Board that it intends to submit to the Shareholders' approval the proposal to assign an annual *pro rata temporis* fee of euro 40,000 to the President of the Board of the Statutory Auditors and of euro 26,500 to each Statutory Auditor in office.

Given the above, your Board asks you to approve the following resolution:

“The Ordinary Shareholders meeting of SOGEFI S.p.A.:

- having acknowledged the Board of Directors' Report,
- having acknowledged the proposal made by the Shareholder CIR S.p.A.,
- bearing in mind the law provisions and the Company Articles of Association

RESOLVES

- to assign an annual *pro rata temporis* fee of euro 40,000 to the President of the Board of Statutory Auditors and of euro 26,500 to each Statutory Auditor in office.”

Lastly we would remind that it is necessary to either vote for one of the presented lists or to abstain from voting, vote against all lists or not taking part to the voting at all.